

Iowa Legislative Fiscal Bureau

Dennis Prouty
(515) 281-5279
FAX 281-8451



State Capitol
Des Moines, IA 50319
November 5, 1998

Loess Hills Development and Conservation Authority

ISSUE

This **Review** examines the use of funds by the Loess Hills Development and Conservation Authority and the Authority's sources of State funds for FY 1996 through FY 1999.

AFFECTED AGENCIES

Iowa Department of Agriculture and Land Stewardship

CODE AUTHORITY

Chapters 8, 161C, and 161D, Code of Iowa

BACKGROUND

The Loess Hills, located in western Iowa, were formed between 14,000 and 24,000 years ago when glacial melts flooded the Missouri River Valley leaving large exposed mud flats during cold periods. Strong winds blew the lighter sediments, known as loess, and deposited thick layers (60 - 150 feet) of loess in western Iowa, creating bluffs.

From 1900 to 1960 many creeks, streams, and rivers in Iowa were channelized to increase drainage of bottomlands to create productive agricultural croplands. Channelization increases stream flow, deepens stream channels, and increases stream width resulting in stream bank erosion. Stream bank erosion results in damages to bridges, roads, utility lines, and soil erosion along stream banks.

The Loess Hills Development and Conservation Authority was created in 1993 under Chapter 161D, Code of Iowa, and includes the counties of Lynn, Sioux, Plymouth, Cherokee, Woodbury, Ida, Sac, Monona, Crawford, Carroll, Harrison, Shelby, Audubon, Cass, Mills, Pottawattamie, Adair, Montgomery, Adams, Fremont, Page, and Taylor.

Section 161D.1, Code of Iowa, specifies "*The mission of the Authority is to develop and coordinate plans for projects related to the unique natural resources, rural development, and infrastructure problems of counties in the deep loess region of western Iowa.*"

In the 1995 *Hungry Canyons of Western Iowa Project Report*, it was estimated that past damages caused by stream bank erosion in western Iowa total almost \$1.2 million with nearly

\$1.0 million (86.0%) of the damage to highway and railroad bridges. Loss of farmland from soil erosion was estimated at nearly \$130,000 (11.0%) and damage to utility lines at \$30,000 (3.0%).

CURRENT SITUATION

Funds from the State and the United States Department of Agriculture, Natural Resource Conservation Services, are used for the Hungry Canyons Cost-Share Program. The Program requires a minimum contribution of 20.0% from county governments and county governments cover the costs of project coordinators.

All State and federal funds are used to construct stream bank erosion control structures under bridges.

The Hungry Canyons Cost-Share Program received \$400,000 in State funds, \$400,000 in federal funds, and \$300,800 from county governments in FY 1996. These funds were used to construct 12 stream stabilization projects in seven counties, protecting 36 State and county bridges, utility lines and culverts, 150 acres of farmland, and saved approximately \$700,000 in traffic rerouting costs.

Table 1 below illustrates the value of infrastructure and farmland protected.

Table 1

FY 1996 Hungry Canyons Cost-Share Program

	Bridges	Other Infrastructure	Farmland	Traffic Rerouting Cost Avoided	Total Value
Value Protected	\$8,822,000	\$320,258	\$224,360	\$698,420	\$10,065,038
Percent of Value Protected	87.7%	3.1%	2.2%	7.0%	100.0%

Source: Hungry Canyons Cost-Share Program Fiscal Year 1996 Report

In FY 1997 the Hungry Canyons Cost-Share Program received \$400,000 in State funds, \$400,00 in federal funds, and \$460,00 from county governments. Thirteen stream stabilization projects in 12 counties were constructed with these funds. These projects protected 24 State and county bridges, utility lines and culverts, farmland, and saved approximately \$300,000 in traffic rerouting costs.

Table 2 below illustrates the value of infrastructure and farmland protected.

Table 2
FY 1997 Hungry Canyons Cost-Share Program

	Bridges	Other Infrastructure	Farmland	Traffic Rerouting Cost Avoided	Total Value
Value Protected	\$4,051,000	\$489,000	\$93,000	\$333,785	\$4,966,785
Percent of Value Protected	81.6%	9.8%	1.9%	6.7%	100.0%

Source: Hungry Canyons Cost-Share Program Fiscal Year 1997 Report

From FY 1996 to FY 1999 there have been three sources of State funds for the Hungry Canyons Cost-Share Program. These sources are shown in **Table 3** below.

Table 3
Sources of State funds for the Hungry Canyons Cost-Share Program FY 1996 - FY 1999

	FY 1996	FY 1997	FY 1998	FY 1999
FY 1995 Lottery Revenues	\$400,000	\$0	\$0	\$0
Water Protection Fund	\$0	\$400,000	\$400,000	\$0
Rebuild Iowa Infrastructure Fund	\$0	\$0	\$742,000	\$1,200,000

The Water Protection Fund is the Iowa Department of Agriculture and Land Stewardship's (IDALS) 20.0% share of the Resource Enhancement and Protection (REAP) Fund. Section 161C.4, Code of Iowa, states the Water Protection Fund consists of two accounts; the Water Quality Protection Projects Account and the Water Protection Practices Account.

Chapter 161C specifies the Water Quality Protection Project Account *"shall be used to carry out water quality protection projects to protect the State's surface and groundwater from point and nonpoint sources of contamination"* and the Water Protection Practices Account *"shall be used to establish water protection practices with individual landowners including, but not limited to woodland establishment and protection, establishment of native grasses and forbs, sinkhole management, agricultural drainage well management, stream bank stabilization, grass waterway establishment, and erosion control structure construction."*

Stream bank erosion control structures in the Loess Hills region of western Iowa do protect the State's surface water from sources of contamination (Water Quality Protection Project Account), but do not work with individual landowners to establish water protection practices (Water Protection Practices Account).

Section 8.57(5)(c), Code of Iowa, specifies the use of Rebuild Iowa Infrastructure Funds (RIIF) - *"Moneys in the Fund in a fiscal year shall be used as directed by the general assembly for public vertical infrastructure projects.* For the purposes of the Subsection ***"vertical infrastructure"*** includes only land acquisition and construction, major renovations and major repair of buildings, all

appurtenant structures, utilities, site development, and recreational trails. ***“Vertical infrastructure”*** does not include routine, recurring maintenance, or operational expenses, or leasing of a building, appurtenant structure, or utilities without a lease-purchase agreement.”

Although Hungry Canyons Cost-Share Program activities do not meet the definition of *“vertical infrastructure,”* appropriations to the Program from the RIIF were made notwithstanding the vertical infrastructure definition.

ALTERNATIVES

Five different possible alternatives for funding of the Loess Hills Development and Conservation Authority (Hungry Canyons Cost-Share Program) include:

- No future State funding.
- All future State funding from the Water Protection Fund.
- All future State funding from the Rebuild Iowa Infrastructure Fund.
- A combination of all future State funding from the Water Protection Fund and the Rebuild Iowa Infrastructure Fund.
- A separate General Fund appropriation.

BUDGET IMPACT

If all State funding for the Hungry Canyons Cost-Share Program ended in FY 2000 it would result in millions of dollars in costs to the Iowa Department of Transportation, county governments, railroads, and local utilities for repair of highway, county, and railroad bridges and utility lines.

The Hungry Canyons Cost-Share Program Fiscal Year 1997 Report states “Research shows \$30.3 million needs to be spent to avoid \$1.1 billion in future damages.” If all State funding ceased and the Program continued to receive \$400,000 annually from the federal government and a minimum 20.0% cost-share (\$80,000) from county governments it would take over 63 years to prevent these damages.

If all future State funding remains at the FY 1999 level of \$1.2 million the remaining alternatives would have the following impact:

- If all future State funding for the Hungry Canyons Cost-Share Program comes from the IDALS Water Protection Fund it would impact services provided by the Water Protection Project and the Water Protection Practices Accounts within the Water Protection Fund. The Department has estimated their share of REAP funds for the Water Protection Funds at \$2.0 million in FY 1998 and FY 1999. Assuming this estimate remains unchanged, the Water Protection Fund would be reduced to \$800,000 once the \$1.2 million was transferred to the Loess Hills Conservation and Development Authority. This would result in \$400,000 decrease in each account within the Water Protection Fund.
- If all future funding for the Loess Hills Development and Conservation Authority comes from RIIF, the budget impact would be the same as in FY 1999. That is, there would be \$1.2 million less in RIIF that could be used elsewhere.

- A combination of all future State funding from the Water Protection Fund and RIIF for the Loess Hills Development and Conservation Authority could be based on the percentage of the value of infrastructure and farmland protected by the cost-share projects. According to the FY 1996 and FY 1997 Hungry Canyons Cost-Share Program Reports, the average value of farmland protected was 2.0% and the average value of infrastructure protected and traffic rerouting cost saved was 98.0%. In this case, \$24,000 would be transferred from the Water Protection Fund and \$1,176,000 would be appropriated from RIIF to the Loess Hills Development and Conservation Authority (Hungry Canyons Cost-Share Program) annually.
- A separate General Fund appropriation would reduce funding for other State projects by \$1.2 million and increase the amount of funds available in the Water Protection and Rebuild Iowa Infrastructure Funds.

STAFF CONTACT: Sherry Weikum (Ext. 17846)